

# The Corporation Journal

**THE CORPORATION TRUST COMPANY**

37 Wall Street, New York

Affiliated with

**The Corporation Trust Company System**

15 Exchange Place, Jersey City

Organized 1892.

Boston, 511 Exchange Bldg.  
(Corporation Registration Company)  
Chicago, 112 W. Adams Street  
Pittsburgh, 1202 Oliver Bldg.  
Albany, 158 State Street  
(The Corporation Company)

Washington, D. C., 501 Colorado Bldg.  
Philadelphia, 1428 Land Title Bldg.  
Portland, Me., 281 St. John Street  
St. Louis, Federal Reserve Bank Bldg.  
Wilmington, 486 duPont Bldg.  
(Corporation Trust Co. of America)

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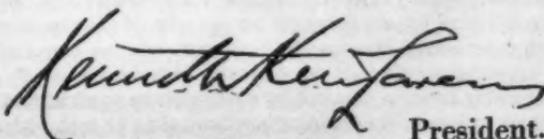
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## Federal Tax Returns.

**I**N accordance with the expectation expressed by us last month, the time for filing reports and tax returns for Income, War Income and War Excess Profits Taxes has been extended to on or before April 1, 1918.

Subscribers to our Income Tax and War Tax Services received copies of the official notification when it was issued, as well as copies of official construction of this notice, removing any doubt of its application to returns by individuals as well as by corporations.

It is of the utmost importance that the returns be made out in the light of the last word of official construction and filed within the time mentioned.



Kenneth Ken Farson  
President.

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### DOMESTIC CORPORATIONS

#### CALIFORNIA.

**A PLEDGE OF CORPORATE STOCK** carries with it a pledge of the dividends also and entitles the pledgee to apply them to the satisfaction of the debt secured by the stock pledged. *Savings Union Bank & Trust Co. v. Crowley*, 169 Pac. 67.

**INSPECTION OF BOOKS.** The fact that a share of stock is transferred to a party solely to qualify him for election as a director will not prevent his right of inspecting the books of the corporation. One may be a bona fide without being a beneficial owner of stock. Even a trustee is personally liable for assessments and is deemed as the legal owner "as against the corporation and all the world, except his cestui que trust." *Webster v. Bartlett Estate Co.*, 169 Pac. 702.

#### CONNECTICUT.

"**UNLESS THE CHARTER OR STATUTE LAW OTHERWISE PROVIDES**, and the corporation does not, subsequent to the incorporation, obligate itself to pay, it is under no obligation to pay for the services or expenses incurred in promoting its incorporation." *United German Silver Co. v. Bronson*, 102 A. 647.

**ISSUANCE OF STOCK FOR SERVICES.** The stockholders voted that the capital stock should be issued for cash only. Notwithstanding this resolution the directors issued fifty shares to the president for services he had rendered prior to the organization of the corporation. The court holds that the corporation by maintaining a suit for the par value of the shares, recognized the issue of the stock, waived the irregularity, and rendered effective the action of the directors in accepting the services as payment for the stock. *United German Silver Co. v. Bronson*, 102 A. 647.

#### GEORGIA.

**FEATURES OF THE GEORGIA CORPORATION LAWS.** Corporate existence is limited to twenty years; ten per cent. of the capital stock must be paid in before commencing business; holding stock in other corporations is prohibited by the constitution; there is no statutory authorization to do business in other states; property taken in payment for stock must be equal in value to the par value of the stock so issued; stockholders' meetings must be held within the state; there are no restrictions as to the number or residence of the directors.

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### COST OF ORGANIZATION IS AS FOLLOWS:

Fee to Clerk of Supreme Court for recording petition, etc., from \$15 to \$30.  
Publishing petition for four weeks from \$20 to \$50.

**TAXATION.** All domestic corporations, except insurance and sewing machine companies, pay an annual license tax as follows:

On an authorized capital not exceeding \$10,000.....	\$10.00
Over \$10,000 and not over \$25,000.....	20.00
Over \$25,000 and not over \$100,000.....	30.00
Over \$100,000 and not over \$300,000.....	50.00
Over \$300,000 and not over \$500,000.....	100.00
Over \$500,000 and not over \$1,000,000.....	150.00
Over \$1,000,000.....	200.00

**PROCEDURE FOR INCORPORATION.** Any number of persons more than one without limitation as to citizenship or residence may act as incorporators. A petition is filed in the office of the clerk of the Superior Court of the county in which it is desired to do business. This petition recites the proposed purposes and capital. The petition is published once a week for four weeks in the nearest public gazette before the court will pass an order. After the granting by the court of an order of incorporation, the petition and order are recorded by the clerk of the court in a book kept by him for that purpose.

**WHAT THE CORPORATION TRUST COMPANY DOES** to assist attorneys in the incorporation and subsequent statutory maintenance of a Georgia corporation is briefly as follows:

At the time of incorporation it ascertains, upon request, if the name can be used, files and records the necessary papers and assists the attorney in every possible way in the organization. Approved copies of petitions are on file in our office for reference.

It will draft and submit the petition, by-laws and minutes of meetings and upon approval by the attorney will furnish complete facilities for incorporation, attend to the filing of the papers, the holding of the necessary meetings and return the records completed in minute book form.

Attorneys wishing to keep complete control and supervision over the organization of Georgia corporations have found it extremely convenient and expedient to confer with the nearest office of The Corporation Trust Company System and to employ the services of its representatives in Georgia.

Subsequent to incorporation, The Corporation Trust Company furnishes rooms for holding stockholders' and directors' meetings or holds stockholders' meetings by proxy, gives timely notice for filing state reports and tax returns, and keeps counsel informed of changes in statutes affecting the corporation status.

For foreign corporations entering Georgia, The Corporation Trust Company drafts for approval and submits to attorneys all documents necessary to secure authority to do business in the State. Upon approval, it attends to their filing

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with the proper state officials. After qualification, it notifies the attorney of all State reports and taxes to be paid, and forwards blanks for reports and tax assessments. A statement containing the statutory requirements for admission of foreign corporations to do business in Georgia will be sent upon request and without charge.

An estimate of charges can be secured at the nearest office of The Corporation Trust Company System.

### IOWA.

**A CORPORATE DEBT** contracted in excess of the maximum limitation in the articles of incorporation is not void because of such excess. *Junkin v. Plain Dealer Pub. Co.*, 165 N. W. 339.

**THE DIRECTORS OF A BANK** constitute its governing body. As such they superintend and control all its affairs, and in the fullest sense represent the bank, and notice to it was notice to the principal, regardless of having agencies through which to transact its business. "The bank, once informed, will not be permitted to forget upon some change in its directorate." *Watt v. German Savings Bank*, 165 N. W. 897.

**NEITHER AN OFFICER NOR THE DIRECTORS OF A BANK** in the absence of an order of the board to that effect, previously adopted, can bind the bank by promising another bank that their bank would be responsible for a proposed loan by the second bank to a corporation in which they were interested, for by so doing they would be violating section 1855a of Code Supp. (1913), which reads: "State and savings banks may contract indebtedness or liability for the following purposes only: For necessary expenses in managing and transacting their business, for deposits, and to pay depositors: provided, that in pursuance to an order of the board of directors previously adopted, other liabilities not in excess of amount, equal to the capital stock may be incurred." *Watt v. German Savings Bank* 165 N. W. 897.

**A CREDITOR WHO DEALS WITH A CORPORATION**, knowing that its issued stock has not been fully paid for, cannot recover the unpaid balance on the subscriptions since his right of recovery is based on "the theory that a fraud has been practiced on the creditor, who has a right, in dealing with the corporation, to assume that its stock is fully paid." *Watt v. German Savings Bank*, 165 N. W. 897.

### KENTUCKY.

**SERVICE OF SUMMONS ON A CORPORATION** must be made upon the chief officers as provided in Civil Code Sec. 732 subsec. 33. In an action to forfeit a bond given by a bonding company, the Court gets no jurisdiction from the service

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of a summons issued against and served upon the Vice-President and General Manager even though he be the party signing the bond in the name of the Company. The process must issue against the corporation and be properly served. Kentucky Bonding Co. v. Commonwealth, 199 S. W. 807.

### MINNESOTA.

**THE DIRECTORS OF A CORPORATION OCCUPY A FIDUCIARY RELATION** to it which imposes upon them the duty to use the authority given them solely for the benefit of the corporation and its stockholders, and to exercise ordinary business care and diligence to see that its property is not wasted nor taken from it upon unfounded claims. The law does not permit them to appropriate such property to themselves nor give it to others; and if they waste it or apply it in payment of claims which they have no authority to pay, or by negligent inattention to their duties suffer others to appropriate it without right, they are liable to the corporation for any losses resulting from such misuse of authority or neglect of duty. Lake Harriet State Bank v. Venie, 165 N. W. 225.

### NEW JERSEY.

**BONDHOLDERS' LIEN.** The New Jersey DuPont Company made a \$16,000,-000 bond issue secured by a trust deed, imposing "a charge in favor of the trustee upon all its present and future property, etc." In 1915 the Delaware DuPont Company was organized with an authorized capital of \$240,000,000 and the property and business of the New Jersey Co. was sold to the Delaware Co. for \$120,000,000, the price being paid partly in cash, partly in debenture shares, and the balance in common stock. The common stock was distributed among the stockholders of the New Jersey Co. as a 200 per cent. dividend. It was then contemplated to reach further assets by converting them into surplus through a reduction of the par value of the Jersey Company's stock and a consequent decrease of its authorized capital. The Court of Chancery has sustained the contention of the bondholders that their lien was being destroyed and issued an injunction restraining the further distribution of the assets. Hoyt v. E. I. DuPont de Nemours Powder Co., 102 Atl. 666.

### NEW YORK.

**IN ORDER TO MAINTAIN** a representative action in behalf of the corporation a stockholder must in his complaint allege a request that the directors bring the action and a refusal by them, otherwise the complaint is fatally defective. Godley v. Crandall & Godley Co., 168, N. Y. Supp. 251.

**DISTRIBUTION OF SURPLUS BY THE DIRECTORS** without the formality of declaring a dividend is valid where the directors making the distribution are also all the stockholders, and this is true even though a large amount of the liquid assets of the corporation are appropriated in thus making payments to the director stockholders. Griffin v. Brody, Adler & Koch Co., 167 N. Y. Supp. 725.

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**A STOCKHOLDER OF A HOLDING COMPANY** may prosecute a representative action for the benefit and in the behalf of the subsidiary company, the directors of both companies having refused, after due request, to institute an action in the name of either company, for the stockholder is merely an instigator, the recovery runs in favor of the corporation and the action is indirectly for the advantage of the holding company. The court states that this question is one of novel impression in this state and has not been before the Court of Appeals. *Holmes v. Camp*, 167 N. Y. Supp. 840.

### UTAH.

**AUTHORITY OF OFFICERS IS DERIVED FROM DIRECTORS NOT FROM STOCKHOLDERS.** At a meeting of stockholders, the president and secretary of the Grantsville North Willow Irrigation Co. were authorized to issue certificates of stock to the owners of certain adjoining meadow lands "on presentation of legal transfer of the meadow water to the company." The necessary deed was duly presented to and refused by the board of directors. The president and secretary thereupon proceeded upon the authority conferred by the stockholders and issued the stock. In a suit brought to compel a cancellation of the stock in question the Supreme Court, sustaining the plaintiff, says that the management and control of a corporation is given by Comp. Laws 1907, Sec. 324, to the board of directors and the action of the president and secretary in this case was unauthorized and illegal notwithstanding the approval given by the stockholders. *Anderson v. Grantsville North Willow Irrigation Co.*, 169 Pac. 168.

### WEST VIRGINIA.

**FEATURES OF THE WEST VIRGINIA CORPORATION LAWS.** There are no requirements as to residence of incorporators or directors; directors need not be stockholders if the by-laws so provide; West Virginia corporations may hold stock in other corporations and may borrow money without limit as to amount; stock may be issued for property or services at less than par if three-fourths of the outstanding stock agrees thereto; stockholders' and directors' meetings may be held outside the state; the statute provides for the appointment of an executive committee. Each incorporator must have paid in ten per cent. of his subscription before the agreement of incorporation is filed with the Secretary of State; failure to commence business within one year or suspension of business for two years dissolves the corporation; if the number of stockholders is at any time reduced below five and remains so for six successive months, the corporation is dissolved; cumulative voting in election of directors is prescribed by law; directors have no power to make or amend by-laws; a list of stockholders must be hung up in the most public room of the principal office for one month before every annual meeting; directors must settle and balance books of account at least once in every six months and make a detailed financial statement to the stockholders at each annual meeting; if the number of directors be reduced at any time below a quorum, a general meeting of the stockholders must be called to elect new directors; the president shall receive

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no salary for services rendered unless allowed or authorized by the stockholders; stockholders must authorize each purchase of stock or bonds of other companies; unless otherwise provided by the by-laws every director must be a stockholder in the corporation and reside in West Virginia; an inheritance tax is imposed on shares of stock of West Virginia corporations standing in the name of non-resident decedents.

### COST OF ORGANIZATION IS AS FOLLOWS:

#### Fees to Secretary of State:

Charter fee \$10, if charter contains over 400 words add six for each 30 words in excess.

Certifying copy of charter \$10, with same charge as above for over 400 words. Annual license for fraction of remaining tax year, for rate of tax, see Taxation below.

If the corporation intends to hold more than 10,000 acres of land in West Virginia, a tax of five cents per acre for each acre over 10,000 must be paid to the Secretary of State.

Resident corporation, filing appointment of statutory attorney \$3; non-resident corporation, to State Auditor for acting as resident attorney, if the charter is granted in July, August or September, \$10 for the year to July 1st next succeeding; in October, \$9; in November, \$8; in December, \$7; in January, \$6; in February, \$5; in March, \$4; in April, \$3; in May, \$12, including fee for the next year; in June, \$11, including fee for the next year.

**TAXATION.** An annual license tax is imposed on the authorized capital of resident and non-resident corporations at the following rates:

Not exceeding	\$5,000.....	\$20.00
" "	10,000.....	30.00
" "	25,000.....	40.00
" "	50,000.....	50.00
" "	75,000.....	80.00
" "	100,000.....	100.00
" "	125,000.....	110.00
" "	150,000.....	120.00
" "	175,000.....	140.00
" "	200,000.....	150.00

Over \$200,000 but not over \$1,000,000, \$180 and an additional 20 cents on each \$1,000, or fraction thereof in excess of \$200,000. Over \$1,000,000, \$340 and an additional 15 cents on each \$1,000 or fraction thereof in excess of \$1,000,000.

In addition to the above there is an annual special excise tax of  $\frac{1}{2}$  of 1% on net income received from all sources during the year on business transacted and capital invested in West Virginia. For the duration of the war an additional  $\frac{1}{4}$  of 1% shall be added to this tax.

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**PROCEDURE FOR INCORPORATION.** Five or more persons execute and acknowledge an agreement which contains the name of the proposed corporation, the location of the principal place of business, the corporate objects, the amount of authorized capital, the par value of shares and description of different classes, if any, of the stock, the names and post-office addresses of the incorporators and any desired provision for the regulation of the business. This agreement is filed with the Secretary of State, who issues a certificate of incorporation. The certificate of incorporation or a certified copy thereof must, within three months after it has been issued, be delivered for record to the Clerk of the County Court of the County in which the principal office of the corporation is located. A majority of the incorporators fixes the time and place for a meeting of stockholders to elect directors, adopt by-laws, etc. Every resident domestic corporation is required within thirty days after its first election of officers to appoint some person residing in the county, in the state wherein its business is conducted, to accept service of process. The power of attorney making this appointment is recorded in the office of the Clerk of the County in which the attorney resides, and then filed and recorded in the office of the Secretary of State. The State Auditor is constituted the attorney-in-fact for non-resident domestic corporations.

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It will draft and submit an agreement, by-laws and minutes of meetings and upon approval by the attorney will furnish complete facilities for incorporation, attend to the filing of the papers, the holding of the necessary meetings and return the records completed in minute book form.

Attorneys wishing to keep complete control and supervision over the organization of West Virginia corporations have found it extremely convenient and expedient to confer with the nearest office of The Corporation Trust Company System and to employ the services of its representatives in West Virginia.

Subsequent to incorporation, The Corporation Trust Company furnishes a statutory office, furnishes rooms for holding of stockholders' and directors' meetings or holds stockholders' meetings by proxy, gives timely notice for filing state reports and tax returns, and keeps counsel informed of changes in statutes affecting the corporate status.

For foreign corporations entering West Virginia, The Corporation Trust Company drafts for approval and submits to attorneys all documents necessary to secure authority to do business in the State. Upon approval, it attends to their filing with the proper state officials. After qualification, it notifies the attorney of all State reports and taxes to be paid, and forwards blanks for reports and tax assessments. A statement containing the statutory requirements for admission of foreign corpo-

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rations to do business in West Virginia will be sent upon request and without charge.

An estimate of charges can be secured at the nearest office of The Corporation Trust Company System.

## FOREIGN CORPORATIONS

### NEW YORK.

**DOING BUSINESS.** Where orders were taken in the state for printing, which it was intended by the parties should be done outside of the state, qualification need not be shown. *Briggs v. General Colonial Co.*, 168 N. Y. Supp. 74.

**DOING BUSINESS.** Selling meats and provisions at a store in the state constitutes doing business so as to require qualification. "This is not the case of the making of a single sale, or a series of sales, through a mere selling agency, by means of orders directed to the foreign corporation in its own state, where the goods were delivered to a common carrier of that state under the terms of the contract, but was a case of a foreign stock corporation having an office in the city of Troy, N. Y., for the sale of meats and provisions and of sales thereof, to recover the price of which this action is brought." As qualification was not shown by the plaintiff corporation, a non-suit is granted. *Wilson & Co. v. Bazaar*, 168 N. Y. Supp. 188.

**NAME MUST INDICATE INCORPORATION.** Prior to 1900, the United Verde Copper Company was incorporated in West Virginia and was authorized to do business in New York, as a foreign corporation. Subsequently a corporation of the same name was organized in Delaware and applied to the secretary of state of New York for a certificate of authority. The Secretary of State declined to issue such a certificate to the new company. The position taken by him is sustained by the Appellate Division, Third Department. The name of the corporation does not "clearly indicate" that it is a corporation, and it is unwilling to use "in this state such an affix or prefix" as will indicate the necessary distinction. Contention by the new company that it is the reorganized successor of the West Virginia corporation does not help it. This Delaware corporation has been given its name by the State of Delaware. New York State has nothing to do with its name. It neither gives nor denies to the relator its name. In the previous part of the section, on which the secretary of state relies, a clear distinction is made between the name which a corporation has and the name which it may use. If it does not have in its name words indicating its corporate capacity, it may use such words with its corporate name, and thereby become entitled to do business in this state. The state of New York merely says that this Delaware corporation may use within this state the name which has already been given to it by its own state, but it must also use in connection with that name something to indicate that it is a corporation." *People ex rel United Verde Copper Co. v. Hugo*, 168 N. Y. Supp. 80.

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**SERVICE UPON MANAGING AGENT.** A Connecticut corporation held a contract from the state of New York for a certain piece of construction work. All of the business concerning this work having been done by one person and, there being no claim that there was a designated agent or an officer in the state, such person is a "managing agent" within the meaning of section 432 of the Code of Civil Procedure. *First National Bank v. General Construction Co.*, 168 N. Y. Supp. 305.

### CANADA

(Under the editorial supervision of Davidson, Wainwright, Alexander & Elder of Montreal.)

**THE INCOME WAR TAX ACT.** The time for filing returns under the Income War Tax Act, 1917, has been extended to March 31, 1918. According to this law, on any net income up to \$6,000, the tax for an unmarried person is 4% of the amount by which the income exceeds \$1,500, and for a married person 4% of the amount by which the net income exceeds \$3,000. On all incomes over \$6,000 a graduated supertax in addition to the normal tax is payable. Corporations and joint stock companies, no matter how created or organized, are subject to the 4% tax upon income exceeding three thousand dollars, but are not subject to any supertax. The law provides: "In the case of the income of persons residing or having their head office or principal place of business outside of Canada but carrying on business in Canada, either directly or through or in the name of any other person, the income shall be the net profit or gain arising from the business of such person in Canada." Returns are made to the Minister of Finance in form and under regulations prescribed by him.

The Minister may permit any corporation to make its return upon a fiscal instead of upon a calendar year basis. The Act also empowers him to "enlarge the time for making any return."

### TAXATION.

#### NEW JERSEY.

**THE INHERITANCE TAX ON A LIFE ESTATE** created by a testator should be paid from the corpus of the trust fund and not by the life tenant from the income of the fund so held in trust. *Title Guarantee & Trust Co. v. Lohrke*, 102 Atl. 660

#### NEW YORK.

**PAST DUE CORPORATION TAXES.** There has recently been referred to the Attorney General of New York State, by the Comptroller, numerous claims for past due corporation taxes. Many of these claims are against concerns which are now out of business, but there are also a number of live corporations included. We are reliably informed that action will be taken by the Attorney General in the near future to dissolve these corporations or an attempt made to secure legislation annulling their charters. The result will probably be that a large number of desirable names will thus be made available for use by new corporations.

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**IN AN EXECUTORY CONTRACT FOR THE PURCHASE OF STOCK**  
the election by the vendor to pass title upon the refusal of the vendee to complete his contract is not such a transfer as is contemplated by Sections 270, 272 and 278 of the Tax Law and the failure of the vendor to affix the necessary transfer stamps is not a defence in an action to recover the purchase price. Neither is the vendor guilty of a misdemeanor in not so affixing the stamps. Phelps-Stokes Estates, Inc., v. Nixon 118 N. E. 241.

### PENNSYLVANIA.

**CAPITAL OF A CORPORATION INVESTED** in the manufacture and repair of vessels, in wharves, docks and other appliances is money invested and employed exclusively in manufacturing and is therefore exempt from taxation. Commonwealth vs. Philadelphia Ship Repair Co., 4 Dep. Rep. 1918, p. 348.

### NEW FEDERAL TAX FORMS.

For the convenience of our readers, we have compiled a list of the new forms required for compliance with the Income and Excess Profits Tax Laws. Copies of these forms, as released by the Government, are forwarded to the subscribers to our Income Tax and War Tax Services.

#### INCOME TAX RETURNS:

- \*1030 Insurance companies (including mutual life and mutual marine).
- 1030A Mutual insurance companies (other than mutual life and mutual marine).
- 1031 Corporations, except railroad and insurance companies.
- 1040 Individuals—for net income over \$3,000
- 1040A Individuals—for net income of not more than \$3,000.
- 1041 Fiduciaries.
- 1065 Partnerships.
- \*1090 Railroads.
- 1012 Monthly return of normal income tax to be paid at source. Corporate security interest and dividends.
- 1012A Continuation sheet for forms 1012 and 1042.
- 1013 Annual List Return—Summary of Monthly form 1012.
- 1042 Annual return of normal income tax to be paid at source. Salaries, wages, rent, etc., paid to non-resident alien individuals.

\*Revised forms not yet issued.

#### INFORMATION AT THE SOURCE:

- 1096 Letter of transmittal to accompany returns of information regarding payments of income during the preceding calendar year.
- \*1097 Report of dividend payments of \$100 or more with names of persons or corporations to whom paid.
- 1098 Reports of income paid to non-resident aliens during the year 1917.
- 1099 Report of income of \$800 or more paid during the year 1917. Salaries, wages, rent, interest, etc., or other fixed or determinable gains, profits, and income not including dividends on stock.

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- \*1100 Report by brokers of transactions of customers.

\*This report has not yet been called for by the Commissioner. Consequently this form has not been released by the Government.

### OWNERSHIP AND SUBSTITUTION CERTIFICATES, ETC.:

1000 Ownership certificate. Tax to be paid at source.

1001 Ownership certificate. Tax not to be paid at source.

1058 Substitute certificate. Tax not to be paid at source.

1059 Substitute certificate. Tax to be paid at source.

†1078 Certificate of residence—Claim by aliens.

†1086 Ownership certificate. Non-resident alien corporations, etc., having an "office or place of business" in the United States. Tax not to be paid at source.

†1087 Disclosing actual owner of stock.

†Old forms.

### WAR EXCESS PROFITS RETURNS:

1101 Individuals. (Form 1040 is used in case of no invested capital.)

1102 Partnerships. (Form 1065 is used in case of no invested capital.)

1103 Corporations.

## INCOME TAX.

For preceding references, see 3 Corporation Journal, page 135.

Regulations No. 33, Revised, are printed in full, together with index, on pages 373 to 497.

A treasury decision relates to relief, under the provisions of section 1212, War Revenue Act of October 3, 1917, of tax withheld at source in cases where substitute certificates Form 1059, were used (p. 498).

Instructions relative to acceptance of certificates of indebtedness under Section 1010 of the Act of October 3, 1917, are contained in a treasury decision (p. 499).

A decision of the Court of Claims in a refund case is reported on page 504.

Telegrams from the Commissioner relate to taxable status of dividends (p. 504), to items to be reported on Form 1099 (p. 505) to amounts to be withheld when status of bond owner is not determinable (p. 505) to apportionment of dividends of foreign corporations (p. 505) and to Income Tax returns by minors (p. 505).

A treasury decision relates to extension of time to file returns (p. 506).

Withholding of interest on bank deposits paid to non-resident alien corporations is the subject of a treasury decision (p. 507).

According to telegrams from the Commissioner, address may be omitted from certificates in certain cases (p. 507), extension of time to on or before April 1, 1918, applies to returns of information and to returns of individuals (p. 507). Another telegram relates to withholding of tax on interest on bank deposits (p. 507).

A treasury decision relates to return by dealers in merchandise or securities and defines the term "dealer" (p. 508).

Modified procedure for claims for refund and abatement are described in a treasury decision (p. 509).

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A letter from a Deputy Commissioner relates to taxable status of certain dividends (p. 510).

Telegrams from the department of Internal Revenue pertain to return by a corporation on a fiscal year basis (p. 511) to taxable status of dividends paid monthly (p. 511) to manner of computing surtax (p. 512), and to liability of debtor corporation, when no exemption is claimed in case of bond bearing covenant to pay old 1% rate only (p. 512).

Rates of super tax for years 1913, 1914 and 1915 are published (p. 511).

Instructions have been issued regarding claims for refund of taxes paid on certain stock dividends (p. 512) also relative to acceptance of certificates of indebtedness in payment of income and excess profits taxes (p. 513).

(NOTE.—The page references are to our Income Tax Service, 1918, wherein the foregoing rulings and regulations are reported in full.)

### FEDERAL ESTATE TAX.

For preceding references, see 3 Corporation Journal, page 135.

A treasury decision states the condition under which time for filing estate tax returns may be extended beyond ninety days from the day a year after the death of the decedent (p. 73).

(NOTE.—The page references are to our War Tax Service, 1918, wherein the foregoing ruling is reported in full.)

### EXCESS PROFITS TAX.

For preceding references, see 3 Corporation Journal (page 136).

The war excess profits tax regulations, No. 41, are printed in full (p. 245-271).

A treasury decision extends the time for filing excess profits tax returns to April 1, 1918 (p. 297).

(NOTE.—The page references are to our War Tax Service, 1918, wherein the foregoing rulings and regulations are reported in full.)

### CAPITAL STOCK TAX.

No rulings or regulations have been issued since our last report. See 3 Corporation Journal p. 86.

### STAMP TAXES.

A letter from a Deputy Commissioner states that the tax imposed by Schedule A does not apply to drafts drawn against exports (p. 743).

A treasury decision relates to qualifying bonds given by trustees in bankruptcy (p. 743).

(NOTE.—The page references are to our War Tax Service, 1918, wherein the foregoing ruling is reported in full.)

### WAR EXCISE TAXES.

A treasury decision relates to retail jewelers selling certain articles (p. 929).

(NOTE.—The above reference is to our War Tax Service, 1918, wherein the foregoing rulings and regulations are reported in full.)

### WAR TAX ON ADMISSIONS AND DUES.

A recent treasury decision reverses T. D. 2590, with reference to purchase of stock as an initiation fee to a club (p. 1321).

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(NOTE.—The above reference is to our War Tax Service, wherein the foregoing ruling is reported in full).

### FEDERAL RESERVE.

For preceding references, see 3 Corporation Journal, page 136.

Informal rulings of the board relate to maturity of notes due on Sunday or legal holidays (p. 586) to eligibility of a note of an acceptance house or broker (p. 587) to form of a draft (p. 587) to basis for figuring interest for rediscount transactions (p. 588) and to eligibility of trade acceptances for rediscount (p. 588).

The law department has rendered an opinion relating to bills payable to the order of the drawee (p. 588).

(NOTE.—The page references are to our Federal Reserve Act Service, which reports all rulings and regulations of the Federal Reserve Board.)

### TRADE COMMISSION.

No rulings or regulations have been issued since our last report. See 3 Corporation Journal p. 121.

### SOME IMPORTANT MATTERS FOR MARCH AND APRIL.

This calendar does not purport to cover general taxes or reports to other than state officials or those we have been officially advised are not required to be filed. The State Report and Tax Service maintained by The Corporation Trust Company System sends timely notice to attorneys for subscribing corporations of reports and tax matters requiring attention from time to time, furnishing information regarding forms, practice and rulings.

ARIZONA	Annual statement of mining corporations due between January 1 and April 1—Domestic and Foreign Corporations.
BRITISH COLUMBIA	Annual report of Foreign Corporations due during March.
CALIFORNIA	Report on general franchise due within ten days after first Monday in March—Domestic and Foreign Corporations.
	Report of gross receipts due within ten days after first Monday in March—Domestic and Foreign Corporations.
COLORADO	Annual license tax due on or before May 1—Domestic and Foreign Corporations.
CONNECTICUT	Annual income tax return due between January 1 and April 1—Domestic and Foreign Corporations.
DELAWARE	Annual franchise tax due between third Tuesday in March and July 1—Domestic Corporations.
DOMINION OF CANADA	Annual summary due between April 1 and June 1—Domestic companies having capital stock.
KANSAS	Annual report and franchise tax due between January 1 and March 31—Domestic and Foreign Corporations.
KENTUCKY	Quarterly report of oil producers and pipe lines due on first day of April—Domestic and Foreign Corporations.

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SOME IMPORTANT MATTERS FOR MARCH AND APRIL—Continued.

MARYLAND	Franchise tax due on or before May 1—Domestic Corporations. Annual statement due on or before April 1—Foreign Corporations. Annual occupation license tax due on or before May 1—Domestic and Foreign Corporations.
MASSACHUSETTS	Annual tax return between April 1 and April 10—Foreign Corporations. Franchise tax return between April 1 and April 10—Domestic Corporations and certain Foreign Corporations.
MONTANA	Annual report due in April or May—Foreign Corporations.
NEW JERSEY	Annual tax return due on or before first Tuesday of May—Domestic Corporations.
NORTH CAROLINA	Capital stock report to determine amount of franchise tax due during May—Domestic Corporations.
OHIO	Annual report during May—Domestic Corporations.
OKLAHOMA	Statement of real and personal property due on the second Monday of April or within 15 days thereafter—Domestic and Foreign Corporations
QUEBEC	Quarterly report of mining and oil companies due within 30 days after April 1—Domestic and Foreign Corporations.
TEXAS	Sworn statement for Treasury Department due on or before May 1—Domestic and Foreign Corporations.
UNITED STATES	Annual license tax due on or before May 1—Domestic and Foreign Corporations.
VERMONT	Annual return for income and excess profits taxes due on or before April 1—Domestic Corporations and Foreign Corporations having capital invested in or doing business in the United States, Alaska and in the District of Columbia.
WEST VIRGINIA	List of stockholders due on or before April 5—Domestic and Foreign Corporations. Extension of certificate of authority due between January 1 and March 31—Foreign Corporations. Annual report due in April—Foreign Corporations. Return of property due on or before April 1—Domestic and Foreign Corporations. Excise tax due within 60 days after notice of assessment is mailed—Domestic and Foreign Corporations.

THE CORPORATION JOURNAL should be kept in a binder for convenient reference. We furnish a substantial binder for \$1.50.

**What is the duty of a Corporation  
with respect to the transfer of  
pledged stock?**

**I**f a person has acquired title to shares of stock from a pledgee contrary to the terms of the pledge, he has no right to have the stock transferred to his name. Where there is no statute defining the procedure by which a pledge of personal property may be sold for the purpose of satisfying the debt which it secures, two remedies are open to the pledgee: he may bring an action for foreclosure, or he may sell the pledge at public auction after giving reasonable public notice of the time and place of sale. Where notice was given by letter only, it is held that the sale of stock was invalid and the corporation should not transfer the stock to the alleged purchaser.

(*Nagel v. Ham, Yearsley & Ryrie*, 152 Pac. 520.)

This illustrates but one of the many instances which require knowledge of the statutes of the various states as well as of the common law in order properly to pass upon transfers of corporate stock. Through its legislative department, which reports new laws in all the states and in Congress, The Corporation Trust Company is peculiarly well equipped to perform the services of a transfer agent. Our charges are reasonable. Further particulars will gladly be furnished upon request.

**THE CORPORATION TRUST COMPANY**  
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